

Hearing Date and Time: April 14, 2010 at 10:00 a.m. (prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., et al.,	: 08-13555 (JMP)
	:
Debtors.	: (Jointly Administered)
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**TRUSTEE’S STATEMENT REGARDING MOTION OF LEHMAN BROTHERS
HOLDINGS INC. PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 FOR AUTHORIZATION AND APPROVAL OF CERTAIN
SETTLEMENTS WITH THE INTERNAL REVENUE SERVICE**

James W. Giddens (the “Trustee”), as Trustee for the SIPA Liquidation of
Lehman Brothers Inc. (“LBI”), by and through his undersigned counsel, submits this statement
regarding the Motion of Lehman Brothers Holdings Inc. (“LBHI”) Pursuant to Federal Rule of
Bankruptcy Procedure 9019 for Authorization and Approval of Certain Settlements with the
Internal Revenue Service (the “Motion,” Docket No. 7734) and respectfully represents as
follows:

1. The Motion seeks approval of a settlement with the Internal Revenue
Service (the “IRS”) regarding six (6) issues that have been raised in the context of a federal

income tax refund claim for the Lehman Consolidated Group¹ for the years 1997 to 2000 and a federal income tax audit for the Lehman Consolidated Group for the years 2001 to 2007. The only issue subject to resolution in the Motion that directly involves LBI is the allowability of interest deductions relating to the corporate owned life insurance (“COLI”) policies that LBI took out to insure the lives of certain executives. The IRS challenged these deductions based upon an alleged failure to comply with certain technical statutory requirements and also on the basis of common law doctrines.

2. Under the COLI portion of the proposed settlement, the IRS will allow 80% of the deductions claimed for 1997 through 2007. Deductions for 2008 will be disallowed in their entirety. The COLI policies will not be reinstated, nor will the policies or any rights thereunder be transferred or assigned.

3. LBHI, as common parent of the Lehman Consolidated Group, may, as a matter of general tax law, enter into the settlement on behalf of the group. However, as the owner of the COLI policies, the Trustee on behalf of LBI has agreed in the settlement document not to reinstate the lapsed policies.

4. Based upon the Trustee’s tax professionals’ analysis of the proposed settlement and discussions with LBHI and its special tax counsel from Bingham McCutchen LLP (formerly of McKee Nelson LLP), the Trustee believes that the terms of the settlement are reasonable.

¹ LBHI and LBI, together with several other debtor and non-debtor subsidiaries of LBHI (collectively, for this purpose only the “Lehman Consolidated Group”), have filed and continue to file federal income tax returns on a consolidated basis.

WHEREFORE, the Trustee respectfully requests that (i) the Court approve the Motion to the extent the relief therein relates to LBI; and (ii) grant such further and other relief as the Court deems just and necessary.

Dated: New York, New York
April 12, 2010

HUGHES HUBBARD & REED LLP

By: /s/ James B. Kobak, Jr.
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